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CONSOLIDATED BUILDING
CORPORATION LIMITED

File

ANNUAL REPORT

FOR THE YEAR ENDED FEBRUARY 29 **1972**

CONSOLIDATED BUILDING CORPORATION LIMITED
99 AVENUE ROAD, TORONTO 180, ONTARIO

BOARD OF DIRECTORS

JOHN H. BROWN
President,
Gairdner & Company Limited

JOHN D. FIENBERG
President, JDF Builders Limited

W. BERNARD HERMAN, Q.C.
Chairman,
City Parking Canada Limited

WALTER A. KEYSER
Vice President,
Gairdner & Company Limited

JAMES McFARLANE
Vice President, Operations
Consolidated Building Corporation Limited

MELVILLE O'DONOHUE, Q.C.
Partner, Gardiner, Roberts, Anderson, Conlin, Fitzpatrick, O'Donohue and White

LAWRENCE SHANKMAN
Chairman of the Board and President,
Consolidated Building Corporation Limited

LOUIS STULBERG
Vice President, Development and Secretary-Treasurer,
Consolidated Building Corporation Limited

HOWARD L. BECK, Q.C.
Partner, Davies, Ward and Beck

OFFICERS

LAWRENCE SHANKMAN
Chairman of the Board and President

LOUIS STULBERG
Vice President, Development and Secretary-Treasurer

FRANCIS D. CAVILL
Vice President, Investment Properties

JAMES McFARLANE
Vice President, Operations

D. NORMAN MORRIS, B.A., C.A.
Vice President, Finance

SOMER RUMM
Vice President, Land

AUDITORS

Clarkson, Gordon & Co.

TRANSFER AGENTS AND REGISTRAR

Guaranty Trust Company of Canada

LISTED

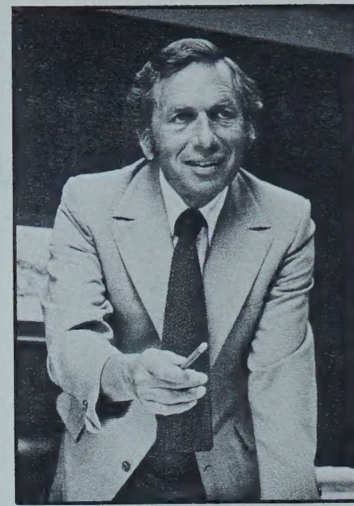
Toronto Stock Exchange
Montreal Stock Exchange
Vancouver Stock Exchange

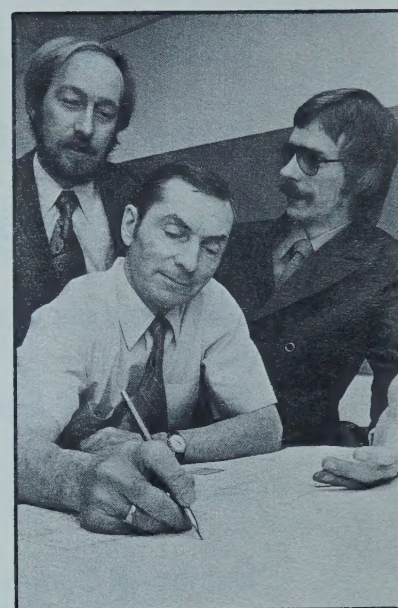
FINANCIAL HIGHLIGHTS

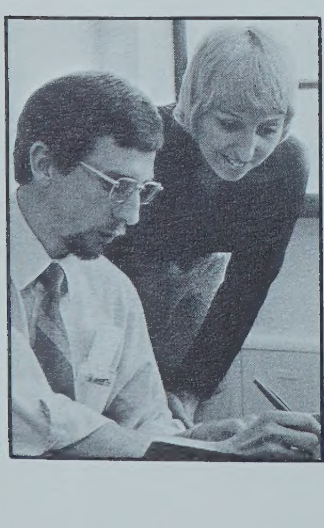
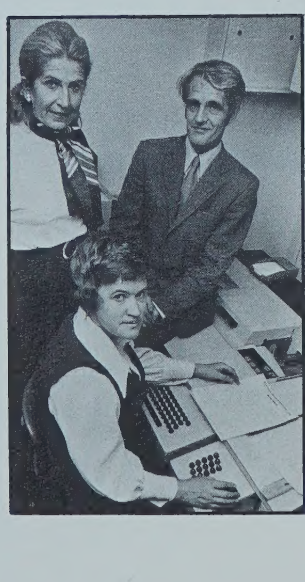
	February 29 1972	February 28 1971
Revenue	**$17,560,484**	$14,820,590
Earnings before Income Taxes	**$ 1,039,180**	$ 832,060
Net Earnings	**$ 519,180**	$ 457,060
Net Earnings per Common Share	**11¢**	9¢ *
Cash Flow from Operations	**$ 1,231,450**	$ 943,157
Cash Flow per Common Share	**25.5¢**	19.5¢ *
Shareholders' Equity	**$ 2,964,940**	$ 2,499,680
Total Assets	**$26,791,317**	$24,471,267
Number of Common Shares outstanding at year end	**4,821,829**	4,821,829*

*after giving effect to the reclassification and subdivision of 288,100 preference shares Series A into 1,152,400 common shares.








REPORT TO THE SHAREHOLDERS

It is my pleasure to report on the affairs of your Company for the year ended February 29, 1972 -- it was a good year.

We continued to achieve satisfactory growth as is evidenced in the expanded scope of our operations and in the consolidated financial statements. Consolidated Building Corporation Limited has now established a steady pattern of growth and is in firm control of its present and future operations. We have made substantial progress in the expansion of our operations and can now reflect with satisfaction on our accomplishments of the past year.

FINANCIAL

Revenue and Earnings

Revenue for the year ended February 29, 1972 increased 18 per cent to $17,560,484 from $14,820,590 in the prior year, the most significant portion of the increase coming from real estate sales.

Pre-tax earnings increased 25 per cent to $1,039,180 from $832,060 in 1971, and net earnings, after providing for deferred income taxes, increased 13.5 per cent to $519,180 from $457,060.

On a per share basis, 1972 earnings were 11 cents per common share based on 4,821,829 shares outstanding. During the year, the 288,100 preference shares Series A were reclassified and subdivided into 1,152,400 common shares, thus eliminating the preference shares as well as the accumulated arrears of dividends. The issued capital of the Company was reduced, thus enabling the Company to eliminate the deficit.

Accounting Policy

As a member of the Canadian Institute of Public Real Estate Companies (CIPREC), we have prepared the financial statements in accordance with the accounting guidelines established by this association.

In accordance with standard accounting practice, we have provided $520,000 for deferred income taxes which will not be paid until future years when taxes payable exceed income taxes charged against reported earnings. Your Company has the opportunity to defer these payments further by the construction of additional rental properties.

Cash Flow

Cash flow generated from operations was $1,231,450, which is an increase of 30 per cent over 1971. Cash flow from operations increased to 25.5 cents per share from the previous year's 19.5 cents. This improved cash flow enabled the Company to reduce its bank loan by $1,231,000.

During the year we purchased $504,000 6¼ % sinking fund debentures for cancellation.

Assets increased to $26,791,317 from $24,471,267. This increase is represented by land inventory for future development. As explained in Note 4 to the financial statements, your Company controls an additional $6,377,461 in assets by its investment in joint ventures.

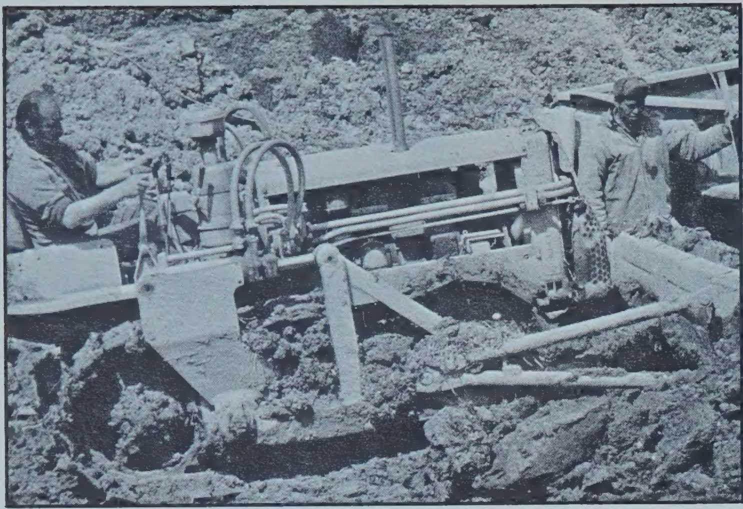
SALES AND OPERATIONS

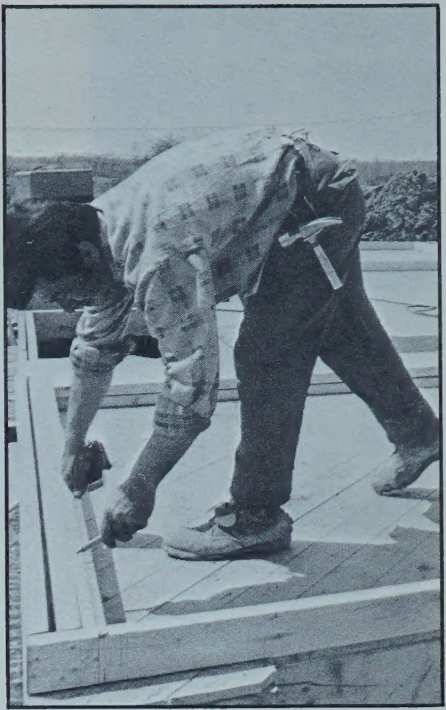
Your Company enjoyed much greater activity in its house construction division this past year. Closed house sales increased by 52 per cent, to 538 units.

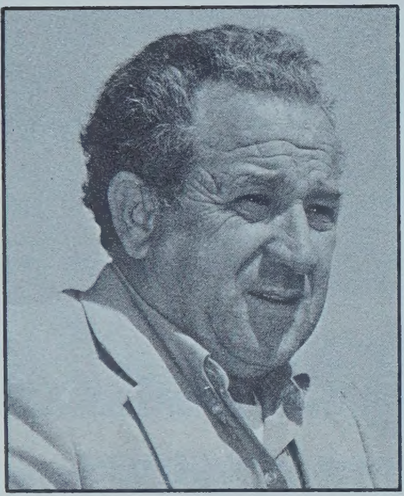
During the fiscal year we completed housing projects in Bolton, Oakville, Chinguacousy and Brampton. Prior to the fiscal year end, new housing projects were started in Whitby, Meadowvale (Mississauga) and Brampton. Profits on the closings to these sales will be taken into the accounts during the current year.

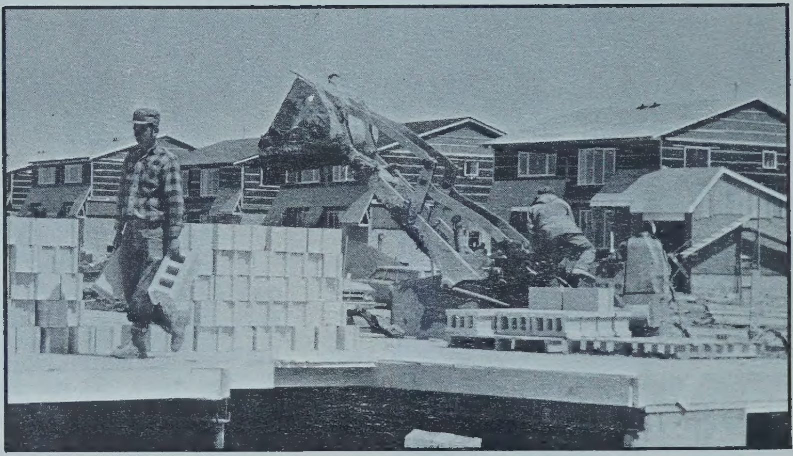
Oakville

We are particularly pleased that our redevelopment project in Oakville was









completed almost a full year ahead of schedule. What was heralded as a unique partnership between government and private enterprise has proven to be most successful. Homes were sold to the public at reasonable prices and, as the developers, we were able to fulfill the terms of the agreement and maintain a satisfactory predetermined level of profit. This achievement was accomplished through the high degree of cooperation received from the Town of Oakville whose elected and appointed officials pioneered new areas in municipal/corporate participation. We are hopeful that we can convince other municipalities of the benefits of this type of redevelopment.

Condominium Sales

Our program of converting rental townhouse units to condominiums commenced this past year. Of the total of 504 units being offered for sale, offers have been received on 330 to date, with the majority of these sales to be closed during the current year. The sale of these condominium units will relieve the Company of a significant portion of long term mortgage debt, will improve our cash position, and will add to our 1973 profit. For the fiscal year just ended, condominium closings contributed $118,000 to net earnings.

RESIDENTIAL CONSTRUCTION AND SALES

Meadows of West Lynde – Whitby

As a 50 per cent partner in a joint venture, we control 700 building lots in the Town of Whitby. One hundred lots were sold to outside builders and 497 lots were acquired by your Company for its own building program. To date we have sold 162 homes and we expect to complete our production and sales for the balance of inventory by 1973. Phase 2 of this development will add an additional 300 lots to our inventory at that time and should provide us with an on-going program in Whitby.

I am particularly pleased with the presentation of model homes which we have constructed in Whitby. I extend a personal invitation to our shareholders to visit the "Meadows of West Lynde" and inspect one of the finest displays of imaginative, exciting and quality homes ever produced in Canada. We can be justifiably proud of our achievement in this area.

Meadowvale – Mississauga

We have purchased land in Meadowvale for the construction of 501 housing units. Our model home presentation is just nearing completion and we have already sold 82 homes. We expect that the innovative and exciting style of housing which we have developed in this community will assure us of our target of 200 sales for the current year. We would anticipate an on-going building program in this new town for several years.

Westwood – Malton

We expect the registration of 694 building lots in this development in the immediate future. This inventory, along with apartment land purchased previously, will provide us with approximately 1,400 units for future construction. We expect a summer start in the development. We are in the fortunate position of having acquired a major portion of inventory at advantageous prices and terms, in an area immediately adjoining Metropolitan Toronto.

Central Park – Chinguacousy

A consortium of five major building companies, of which your Company is a partner, was awarded a contract by the Ontario Housing Corporation to build approximately 2,400 units in Chinguacousy Township. Consolidated Building Corporation Limited was appointed by the consortium to be the managing partner and to be responsible for the development, construction and sales of these homes. A plan for innovative housing has been developed whereby homes in the price range $15,000 – $17,000 can be sold to the public on land leased from the OHC. Construction is expected to commence in July and based on our past experience with H.O.M.E. projects, a successful selling program is anticipated.

Malvern – Scarborough

In keeping with our policy of greater involvement in government sponsored housing, we were successful in our bid for construction of homes in the Ontario Housing Corporation development at Malvern. Although our participation in the initial stage is 24 homes, we would hope, as the area develops, that we will become more involved as new stages of the development are released. In fact, these 24 homes were pre-sold five days after they were put on sale.

INVESTMENT PROPERTIES

Current projects in their planning or construction stage are:

Scarborough

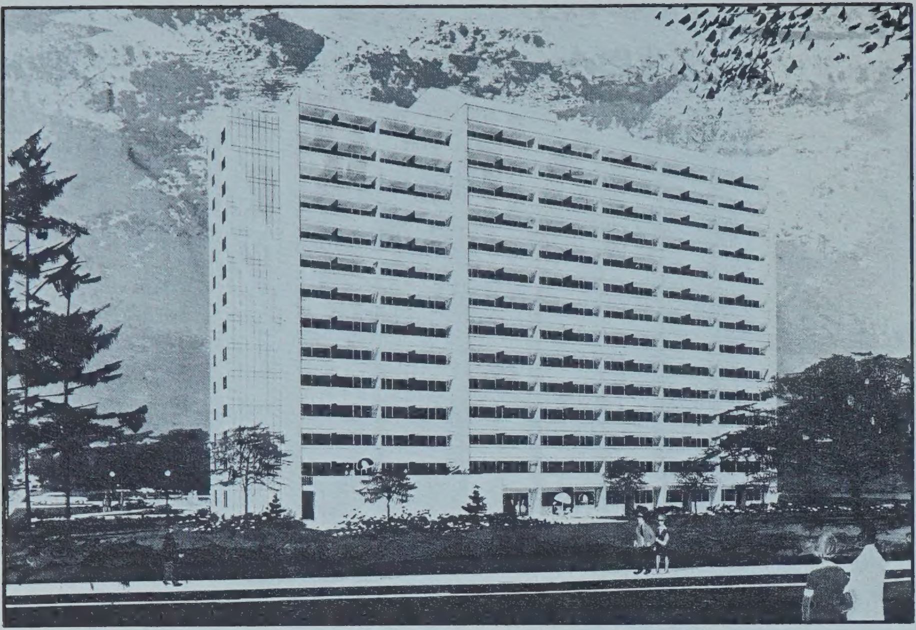
Your Company, in 50 per cent joint venture, received approval for the rezoning of land in Scarborough to accommodate 1,040 apartment suites. The construction of this first phase is planned to start in the late summer of this year with a $4 million apartment building containing 356 suites.

Clarkson – Mississauga

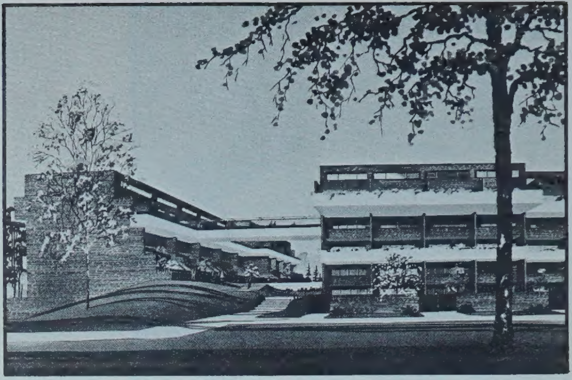
The commencement of a 500-unit apartment project in Clarkson has been delayed pending the redesign of the development. We are aiming for a construction start late this year.

40 Gerrard Street E. – Toronto

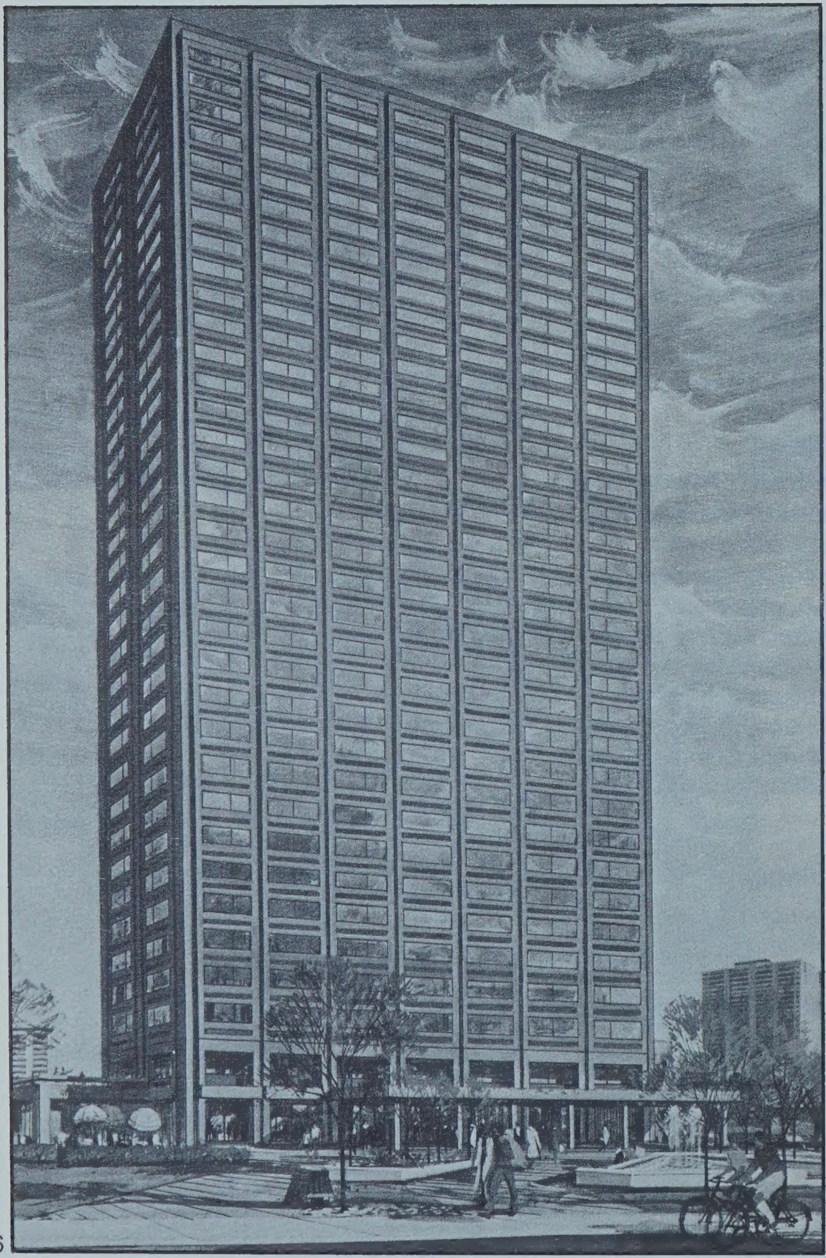
Your Company, in a joint venture, purchased an apartment site in downtown Toronto at 40 Gerrard Street East. Plans are presently being finalized for the construction of a 34-storey high rise apartment building of 440 suites. The building will have an indoor/outdoor



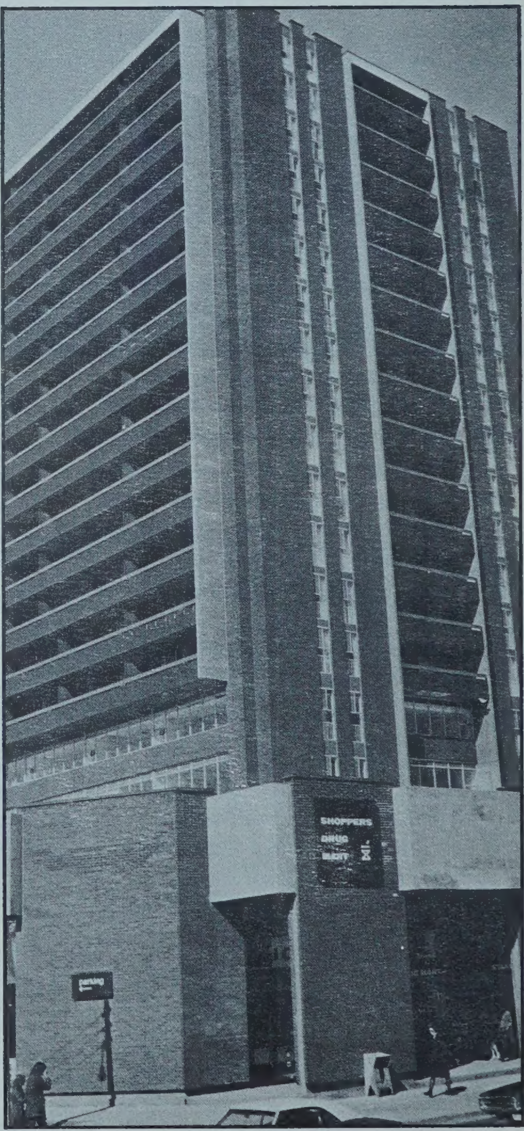
Proposed apartment building, Scarborough Township (Toronto)



Proposed innovative apartment design for Scarborough Township



Proposed 34 storey apartment building, 40 Gerrard Street East, Toronto



Walmer Place, 20 storey commercial/residential/professional building at Bloor and Walmer Road, Toronto.

swimming pool and a portion of the ground floor will contain some commercial space. We propose to commence construction on this $8 million project in the summer of 1972.

Bloor and Dundas Sts. – Toronto

We have purchased for redevelopment a four acre site at the corner of Bloor and Dundas Streets in Toronto. Plans are now being prepared for the construction of a mixed use development of residential and commercial space. Plans include an enclosed shopping mall of approximately 180,000 square feet, two high rise apartment towers and other related facilities. This project will cost an estimated $17 million.

These latter two developments are a part of your Company's policy of increasing its investment portfolio of income-producing properties in strategic, subway-oriented locations, as evidenced last year by the construction of Walmer Place at the corner of Bloor Street and Walmer Road in Toronto. These income-producing properties will provide a broader base for profits and cash flow and should add substantially to future earnings. On completion, the addition of these properties will present the opportunity to increase shareholders' equity.

LAND DEVELOPMENT

In addition to the land controlled by the Whitby joint venture, your Company owns an additional 150 acres for future development in the town. We are also participating in joint ventures which own 175 acres of land in the Township of Scarborough. This development has now received draft plan approval.

Heart Lake – Chinguacousy

Subsequent to the year end, we purchased a 50 per cent undivided interest in 750 acres of land immediately adjacent to the Heart Lake conservation area north of the Town of Brampton. Your Company has been appointed manager of the joint venture and will be responsible for the development of this project. We expect that the completed development will accommodate 15,000 people in approximately 4,000 dwelling units. Planning is now under way and we hope for a 1973 construction start. The addition of these lands to the Company's land bank has added substantially to our future inventory.

FORECAST

It is our corporate policy to earn profits in those areas in which we are expert, namely, residential construction, investment properties and land development.

In the residential housing field, your Company has for some time been recognized as a major builder of quality homes. From current work I would predict that the present year holds promise of being our most profitable in the residential housing field.

In the construction of investment properties, we are planning a program of new construction in excess of $20 million.

Land Development has been a profitable operation in the past, in which some 2,000 acres of major subdivisions have been developed for the Company's account. With the talents of our management staff, it is now possible to develop major tracts of land for our own construction division and in joint ventures with others.

It is becoming apparent that the decade of the 70's will be dynamic years for the construction industry. The present year already shows every such promise. It is particularly gratifying that we have sufficient inventory and work on hand to ensure continued increases in production, sales and profits for the coming years.

The excellent management team we have developed; the confidence of the mortgage and money markets in the quality of our construction; the speed of our sales and the efficiency of our operation; the morale of our entire organization, which is eager and dedicated to serving our future program, all ensure your Company of a continuing planned growth to our long range goals.

On behalf of your Board of Directors, I wish to thank you and our dedicated staff for your support and confidence.

Respectfully submitted,

L Shankman

LAWRENCE SHANKMAN
Chairman and President

June 14, 1972

CONSOLIDATED BUILDING CORPORATION LIMITED
(and subsidiary companies)

CONSOLIDATED BALANCE SHEET

FEBRUARY 29, 1972
(with comparative figures for 1971)

ASSETS

	1972	1971
Cash	**$ 14,946**	$ 19,234
Mortgages and sundry receivables less allowance for loss	**2,511,337**	2,836,217
Deposits on land (note 9)	**489,000**	10,000
Housing completed and under construction (note 2c)	**3,822,563**	5,525,931
Real estate held for development and sale (note 2c)	**8,863,588**	3,321,333
Investment properties (notes 2b, 2d, 3)	**9,718,361**	11,899,495
Equity in joint ventures (notes 2a, 4)	**602,972**	190,374
Prepaid expenses, sundry investments and advances	**411,673**	231,416
Unamortized financing costs and other intangibles	**356,877**	437,267
	$26,791,317	$24,471,267

On behalf of the Board:
LAWRENCE SHANKMAN, Director
LOUIS STULBERG, Director

LIABILITIES

	1972	1971
Bank indebtedness (note 5)	**$ 976,732**	$ 2,208,229
Accounts payable and accrued liabilities	**1,766,975**	1,941,026
Mortgages on housing completed and under construction	**2,037,405**	3,659,815
Tenants' and other deposits	**178,288**	207,503
Amounts due on real estate held for development and sale	**7,572,351**	2,287,650
Mortgages on investment properties (note 6a)	**6,884,626**	7,273,364
6¼ % sinking fund debentures due February 1, 1979 (note 6b)	**3,284,000**	3,788,000
Deferred income taxes (note 7)	**1,126,000**	606,000
Contingent liabilities (notes 4, 8)		
Total liabilities	**23,826,377**	21,971,587

SHAREHOLDERS' EQUITY

(notes 1, 10):

	1972	1971
Capital stock		
Authorized (1972):		
13,952,400 Common shares without par value		
Issued:		
288,100 First preference shares		2,881,000
3,669,429 Common shares without par value		2,319,003
4,821,829 Common shares without par value	**2,499,680**	
	2,499,680	5,200,003
Retained earnings (deficit)	**465,260**	(2,700,323)
	2,964,940	2,499,680
	$26,791,317	$24,471,267

(See accompanying notes)

CONSOLIDATED BUILDING CORPORATION LIMITED
(and subsidiary companies)

CONSOLIDATED STATEMENT OF EARNINGS
FOR THE YEAR ENDED FEBRUARY 29, 1972
(with comparative figures for 1971)

	1972	1971
Revenue:		
Sales of real estate	**$14,405,658**	$11,633,353
Gross income from investment properties	**2,842,536**	2,837,324
Interest and sundry income	**228,810**	200,328
Excess of par value over cost of debentures purchased for cancellation	**83,480**	149,585
	17,560,484	14,820,590
Expenditures:		
Cost of real estate sold (including net book value of investment properties sold)	**12,652,497**	10,149,756
Operating expenses of investment properties (excluding interest and depreciation)	**1,909,433**	1,949,820
Selling, general and administrative expenses	**733,453**	685,630
Interest expense (note 11)	**950,171**	942,642
Depreciation and amortization of investment properties (note 2b)	**195,360**	218,042
Amortization of financing costs	**80,390**	42,640
	16,521,304	13,988,530
Earnings for the year before income taxes	**1,039,180**	832,060
Deferred income taxes	**520,000**	375,000
Earnings for the year	**$ 519,180**	$ 457,060
		Pro Forma (note 1)
Earnings per common share	**11¢**	9¢

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (DEFICIT)
FOR THE YEAR ENDED FEBRUARY 29, 1972
(with comparative figures for 1971)

Deficit, beginning of year	**$ 2,700,323**	$ 3,157,383
Elimination of deficit against issued capital	**2,700,323**	
	Nil	3,157,383
Earnings for the year	**519,180**	457,060
Capital reorganization expenses	**53,920**	
Retained earnings accumulated from March 1, 1971 (deficit), end of year	**$ 465,260**	($ 2,700,323)

(See accompanying notes)

CONSOLIDATED BUILDING CORPORATION LIMITED
(and subsidiary companies)

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 1972
(with comparative figures for 1971)

	1972	1971
Source of funds:		
Earnings for the year	$ 519,180	$ 457,060
Add (deduct) non cash items		
Depreciation and amortization of investment properties	195,360	218,042
Amortization of financing costs	80,390	42,640
Deferred income taxes	520,000	375,000
Excess of par value over cost of debentures purchased for cancellation	(83,480)	(149,585)
Cash flow from operations	1,231,450	943,157
Investment properties		
Net book value of investment properties sold	—	1,187,862
Net book value of investment properties sold as condominiums (note 2d)	1,770,655	—
Less reduction in related mortgages	941,302	992,148
	829,353	195,714
Decrease (increase) in housing inventory (excluding unsold condominium units – note 2d)	2,680,731	(2,868,312)
Less decrease (increase) in related mortgages	2,419,616	(2,984,815)
	261,115	116,503
Reduction (increase) in mortgages and sundry receivables	207,525	(297,318)
	2,529,443	958,056
Use of funds:		
Additions to investment properties	762,244	2,813,086
Less mortgage financing on investment properties	1,467,125	1,590,000
	(704,881)	1,223,086
Net increase in real estate held for development and sale	5,542,255	285,275
Less increase in related amounts payable	5,284,701	836,200
	257,554	(550,925)
Increase (decrease) in deposits on land	479,000	(76,526)
Increase in equity in joint ventures	412,598	19,792
Reduction (increase) in accounts payable	174,051	(340,320)
Repayment of sinking fund debentures (principal amounts 1972 – $504,000, 1971 – $412,000)	420,520	262,415
Net change in other assets and liabilities	209,472	(99,929)
Payment of capital reorganization expenses	53,920	—
	1,302,234	437,593
Decrease in bank indebtedness, net of cash	$1,227,209	$ 520,463

(See accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 29, 1972

1. Reorganization

Following approval of shareholders on July 28, 1971 and receipt of amendments to its Articles of Incorporation, changes in the capital structure of the Company were effected as follows:

(a) the reclassification, change and subdivision of the 288,100 previously issued and outstanding 6% cumulative redeemable preference shares, Series A, with a par value of $10 into 1,152,400 issued common shares without par value;

(b) the reclassification, change and subdivision of the 700,000 previously unissued Series A preference shares into 2,800,000 unissued common shares without par value;

(c) the reduction in the issued capital from $5,200,003 to $2,499,680 and the application of this reduction of $2,700,323 to eliminate the deficit.

Earnings per common share for 1971 of 9¢ have been calculated as if the reorganization had been effective as of March 1, 1970. Earnings per common share for 1971 as previously reported were 8¢ based on the Company's capitalization prior to the reorganization.

2. Accounting policies

(a) Consolidation

(i) The accounts of all subsidiary companies have been included in the consolidated financial statements.

(ii) It is the Company's policy to account for its investments in joint ventures on the equity basis in the balance sheet. The proportionate share of the income and expenses of the Company's interests in joint ventures is included in the corresponding items in the statement of earnings. The Company's share of profits from joint venture activities for the 1972 year amounted to $71,000 after income taxes.

(b) Depreciation

The Company records depreciation on buildings held for investment purposes on a 4%, forty year, sinking fund basis. The depreciation charge, which increases annually, consists of a fixed annual sum together with an amount equivalent to interest compounded at the rate of 4% per annum so that assets will be fully depreciated forty years after construction or purchase.

Depreciation on equipment is recorded on a 10% straight line basis. Leasehold improvements are written off in equal annual instalments over the terms of the leases.

(c) Housing completed and under construction and real estate held for development and sale

These include the cost of land, land improvements, building construction costs and all carrying costs. Carrying costs include mortgage interest, realty taxes, legal fees and other direct expenses plus a portion of interest on general borrowings considered directly applicable.

The Company provides for the immediate write-off of any costs which are not recoverable from the proceeds of future sales. Accordingly the carrying value of these inventories is less than estimated realizable value.

(d) Investment properties

The Company constructs and operates properties of an investment nature, some of which may be sold from time to time, when, in the judgment of the Board of Directors, such sales are in the Company's best interest. Investment properties are carried at cost including mortgage interest, property taxes, legal fees and certain overhead expenses (including interest) capitalized during the construction and initial leasing periods.

When a building is registered as a condominium, it is transferred from investment properties to housing completed and under construction. During the 1972 fiscal year, the Company transferred property with a net book value of $2,767,000. The Company plans to register in 1972 as a condominium, a property with a net book value of approximately $2,400,000.

(e) Revenue recognition

Revenue from the sale of housing is recognized when each house is completed and accepted by the purchaser. Similarly, revenue from the sale of condominiums is recognized when the property has been registered as a condominium and the unit is accepted by the purchaser. Revenue from the sale of land and investment properties is recognized when all material requirements related to the sales agreement have been met.

3. Investment properties

These consist of:

	1972	1971
Buildings	**$ 8,903,992**	$11,098,570
Equipment	**682,084**	711,422
Leasehold improvements	**456,540**	462,688
Parking lot	**274,344**	274,344
	$10,316,960	$12,547,024
Less accumulated depreciation and amortization	**1,821,540**	2,029,109
	8,495,420	10,517,915
Land	**1,222,941**	1,381,580
	$ 9,718,361	$11,899,495

4. Investment in joint ventures

As at February 29, 1972, the combined financial position of the joint ventures in which the Company had an equity interest is summarized as follows:

Assets	
Mortgages receivable (including $4,980,000 due from Consolidated Building Corporation Limited)	$5,856,273
Land	5,406,550
Other	94,638
	11,357,461
Liabilities	
Bank indebtedness	1,148,627
Accounts payable and accrued charges	342,821
Estimated cost to complete real estate sold	2,052,176
Mortgages payable	4,622,354
Other	107,967
	8,273,945
Total equity in joint ventures	$ 3,083,516
Company's equity therein	$ 602,972

The joint ventures have lodged letters of credit aggregating $1,340,000 with municipalities as security for the fulfilment of their obligations under subdivision agreements.

The Company is jointly and severally liable for the total liabilities (including letters of credit) of these joint ventures. Against this contingent liability, the Company has a right to the related assets of the joint ventures.

5. Bank indebtedness

The Company has issued and deposited with their bankers as collateral security, demand debentures and a mortgage in respect of the bank loans and letters of credit outstanding. These debentures are secured by a first floating charge on the assets of the Company. In addition, accounts receivable and certain mortgage receivables have been assigned to the bankers.

6. Funded debt

(a) Mortgages payable of $6,884,626 on investment properties include principal repayments due over the next five years as follows:

Year ending Feb. 28, 1973 – $ 643,000

Year ending Feb. 28, 1974 – 1,255,000

Year ending Feb. 28, 1975 – 111,000

Year ending Feb. 29, 1976 – 122,000

Year ending Feb. 28, 1977 – 1,129,000

The mortgages on the property to be registered as a condominium in 1972 total $1,737,773, of which $549,222 is included in the table above.

It has been the policy of the Company to negotiate the renewal of mortgages as they mature.

(b) The 6¼ % sinking fund debentures, Series A, are unsecured and were issued by the Company pursuant to a trust indenture dated January 15, 1964, which provides that the Company is to retire by means of a sinking fund, $400,000 on February 1 in each of the years 1973 to 1975 inclusive, and $700,000 in each of the years 1976 to 1978 inclusive.

As at February 29, 1972, the Company had delivered to the trustees $116,000 in debentures in excess of the sinking fund requirements, which are available to be applied against the sinking fund commitments due in 1973.
The trust indenture also provides that dividends on common shares may only be paid from the total of the consolidated net earnings subsequent to August 31, 1963 plus the net cash proceeds to the Company of the issue, after August 31, 1963, of any of its shares. As a result of this provision, the total of consolidated net earnings subsequent to February 29, 1972 and net cash proceeds from the issue of shares after that date will have to amount to approximately $6,525,000 before dividends may be paid on common shares.

7. Income taxes

Effective March 1, 1968, the Company adopted the tax allocation basis of providing for income taxes, under which income taxes charged or credited to earnings are based on income recorded in the accounts; previously the provision for income taxes was based on income taxes currently payable.

Deferred income taxes of $520,000 have been charged against the 1972 earnings and included in the balance sheet as "deferred income taxes". These taxes are not currently payable but have been deferred to those future years when income taxes payable exceed income taxes charged against reported earnings.

Tax reductions of approximately $400,000 realized prior to March 1, 1968 (amount increased from $178,000 shown at February 28, 1971 for additional expenses claimed in prior years) as a result of claiming certain expenses in excess of the amounts recorded in the accounts have not been reflected as deferred income taxes.

Additional deductions for tax purposes are available to the Company which would permit the deferment of tax on approximately $900,000 of taxable income earned in future years.

8. Contingent liabilities

The Company has lodged letters of credit aggregating $210,000 with municipalities as security for the fulfilment of its obligations under certain subdivision agreements.

9. Commitments

The Company in the ordinary course of business has options and agreements to purchase various parcels of land in and near Metropolitan Toronto which may be developed and/or resold. At February 29, 1972 the Company had outstanding recoverable deposits of $489,000 towards the purchase of land which will cost approximately $8,326,000. Acquisitions in this connection will be financed under a number of alternatives including joint venture arrangements.

The Company leases buildings under long term leases requiring approximate annual rentals of $295,000 to 1981 (with varying rates thereafter) exclusive of real estate taxes, insurance, maintenance and repairs which are estimated at approximately $325,000. Rental income from these premises is estimated at $540,000 for the year ending February 28, 1973.

10. Stock options

Options to purchase 210,000 common shares are outstanding, exercisable in varying numbers at varying dates up to 1974 as follows:

155,000 at	$1.50
20,000 at	2.00
35,000 at	3.35

The Company has reserved 210,000 of the authorized and unissued common shares for possible exercise of the options.

11. Statutory information

The aggregate direct remuneration paid or payable to directors and senior officers by the Company and its consolidated subsidiaries amounted to $196,000 in the 1972 fiscal year. Interest on debt initially incurred for a term of more than one year totalled $935,000 in the year, including $136,000 which was capitalized in the accounts.

AUDITORS' REPORT

Clarkson, Gordon & Co.

Chartered Accountants

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Halifax Saint John Quebec Montreal Ottawa
Toronto Hamilton Kitchener London Windsor
Thunder Bay Winnipeg Regina Calgary
Edmonton Vancouver Victoria

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AUDITORS' REPORT

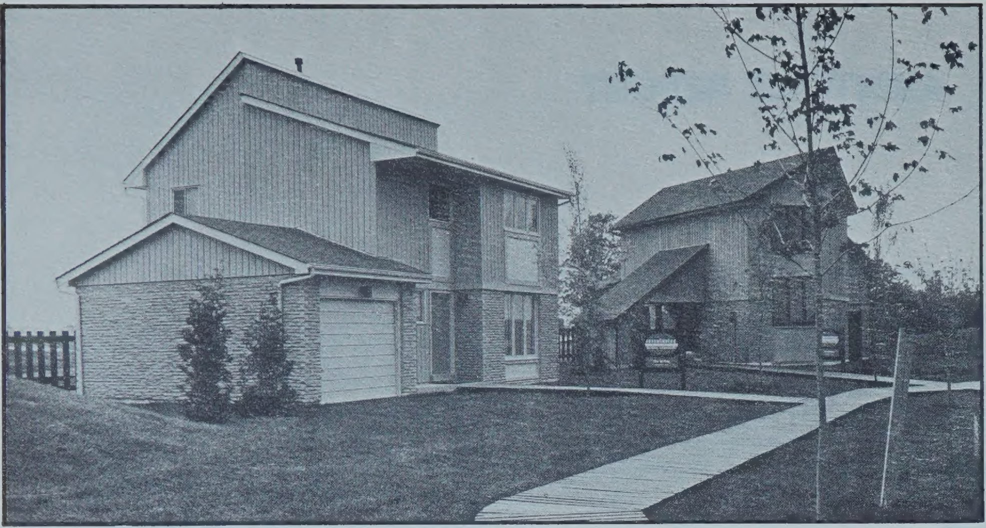
To the Shareholders of
Consolidated Building Corporation Limited:

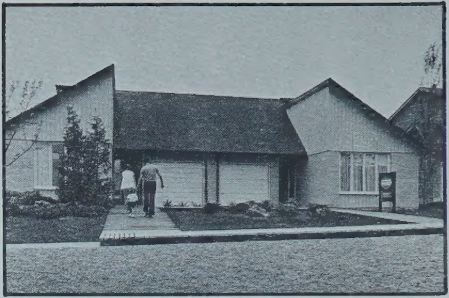
We have examined the consolidated balance sheet of Consolidated Building Corporation Limited and subsidiary companies as at February 29, 1972 and the consolidated statements of earnings, retained earnings (deficit) and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the consolidated financial position of the companies as at February 29, 1972 and the results of their operations and the source and use of their funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

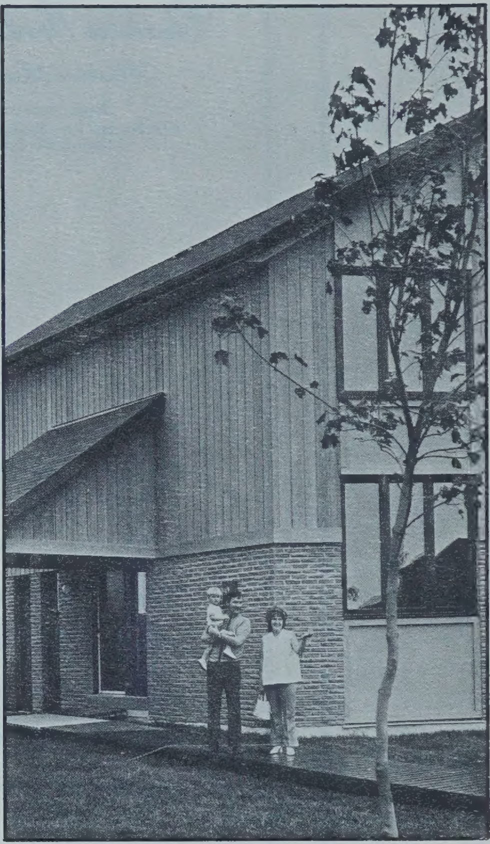
Toronto, Canada,
June 2, 1972.

Clarkson, Gordon & Co.
Chartered Accountants






consolidated
building corporation
The M-Eleven




consolidated
building corporation
THE
Orchardview
4 bedroom

LOCATION	NAME	DESCRIPTION
CURRENT PROJECTS		
1 Oakville	Oakdale Park	397 Residential Units
2 Brampton	Madock	48 Residential Units
3 Clarkson	Domex	500 Residential Units
4 Mississauga	Meadowvale	501 Residential Units
5 Chinguacousy	Central Park	2400 Residential Units
6 North York	Allenbury Gardens	127 Condominium Townhouses
7 North York	Spanish Villas	97 Condominium Townhouses
8 Scarborough	—	1040 Residential Units
9 Scarborough	Malvern	24 Residential Units
10 Pickering	Bayshore Heights	120 Condominium Townhouses
11 Whitby	Meadows of West Lynde	494 Residential Units 50,000 sq. ft. Industrial
12 Toronto	40 Gerrard Street East	440 Residential Units
13 Toronto	Bloor & Dundas	874,000 sq. ft. Retail/Commercial/Residential
14 Malton	Westwood	1400 Residential Units
INVESTMENT PROPERTIES		
15 Barrie	Barrie Shopping Centre	
16 Toronto	99 Avenue Road Medical Centre	
17	Regency Towers Hotel	
18	260 Richmond Street West	
19	Walmer Place	
20 North York	Parkchester Townhouses	
CONDOMINIUM MANAGEMENT CONTRACTS		
21 Chinguacousy	Gates of Bramalea Townhouses	
7 North York	Spanish Villas Townhouses	
10 Pickering	Bayshore Heights Townhouses	
LAND FOR FUTURE DEVELOPMENT		
22 Whitby	150 acres, residential	
23 Chinguacousy (Heart Lake)	750 acres, residential	
24 Scarborough	175 acres, residential	

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